

CITY OF RICHMOND, MISSOURI

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Richmond, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the City of Richmond as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Richmond as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information presented on pages 46 and 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 15, 2010



City of Richmond

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Richmond's (the City) financial report presents a review of the City's financial performance during the fiscal year that ended September 30, 2009. Please read this section in conjunction with the City's financial statements, which follow this section.

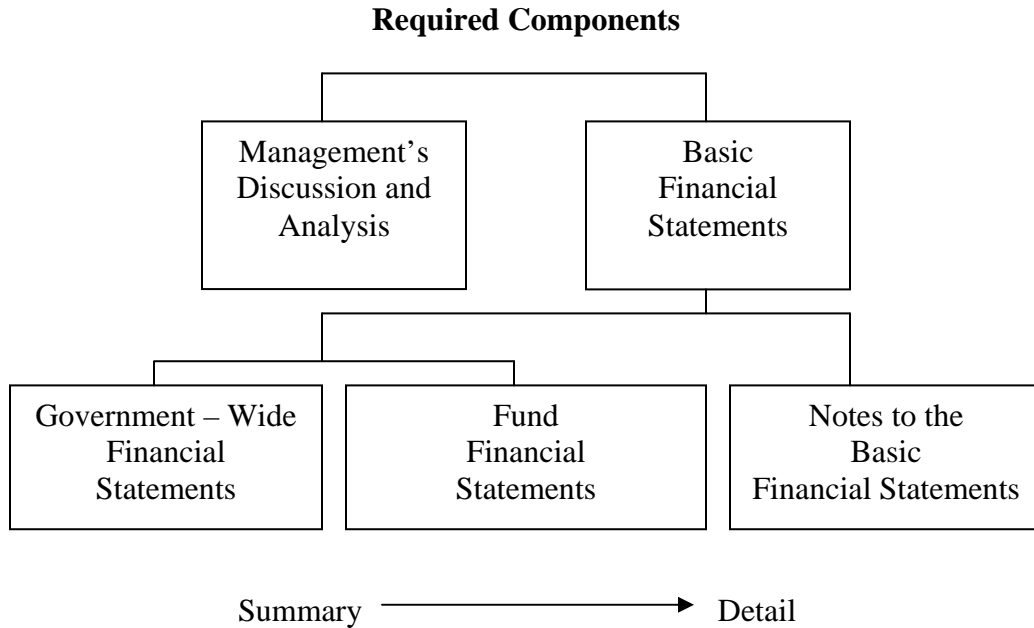
Financial Highlights

- The assets of the City of Richmond exceeded its liabilities by \$13,591,373. Of this amount, \$14,296,434 represents the City's investment in capital assets, net of related debt; \$609,256 is restricted for debt service and \$99,986 is restricted for perpetual care. There is a deficit of \$2,356,935 of net assets unrestricted for governmental activities and \$942,632 of net assets unrestricted for business-type activities.
- The City's total net assets increased \$946,495.
- The City's long-term debt decreased approximately \$400,000 during the current fiscal year.
- The City completed several major projects in 2009 including the Downtown Revitalization project, Wellington Street project and the Municipal Complex project. All of these projects used money designated specifically for these projects.
- The negative balance for governmental unrestricted cash continued to decrease during the fiscal year 2009 enabling a positive balance to occur in fiscal year 2010.

Overview of the Financial Statements

This section is the Management's Discussion and Analysis and contains supplementary information to the basic financial statements.

The City’s basic financial statements will follow this section and are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.



Government-Wide financial statements provide both long-term and short-term information about the City’s overall financial status.

Fund financial statements focus on individual parts of the City government, reporting the City’s operation in more detail than the government-wide statements. These operations are separated into two groups, governmental funds and proprietary funds.

- Governmental fund statements tell how general government services, such as public safety, were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements provide short and long-term financial information about the activities the government operates like a business, such as solid waste, water, and wastewater operations.

The notes to the basic financial statements provide “required supplementary information” that further explains and supports the information in the basic financial statements.

Government-Wide Financial Statements

Our analysis of the City as a whole is presented in the government-wide financial statements. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities reports information about the City as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash was received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is that the format is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including general administration, public safety, streets and public works, community development, parks and recreation. Taxes, (sales, property and franchise) charges for services, fines, and state and federal grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, wastewater and solid waste funds are reported here.

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant funds - not the City as a whole. Funds are the accounting devices the City

uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law and by bond covenants. The City establishes other funds to help it control and manage its resources. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein.

The City has two types of funds:

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation following the fund financial statements.
- Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's water, wastewater and solid waste enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Government-Wide Financial Analysis

Our analysis below focuses on net assets (Figure 1) and changes in net assets (Figure 2) of the governmental and business-type activities.

Figure 1

City of Richmond's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Assets:						
Current & other assets	\$ 698,542	\$ 2,003,275	\$ 1,919,840	\$ 1,401,470	\$ 2,618,382	\$ 3,404,745
Capital assets	<u>11,205,327</u>	<u>10,553,358</u>	<u>11,407,724</u>	<u>11,813,287</u>	<u>22,613,051</u>	<u>22,366,645</u>
Total assets	<u>11,903,869</u>	<u>12,556,633</u>	<u>13,327,564</u>	<u>13,214,757</u>	<u>25,231,433</u>	<u>25,771,390</u>
Liabilities:						
Other liabilities	521,063	1,704,031	867,873	735,756	1,388,936	2,439,787
Long-term liabilities	<u>7,252,213</u>	<u>7,334,927</u>	<u>2,998,911</u>	<u>3,351,798</u>	<u>10,251,124</u>	<u>10,686,725</u>
Total liabilities	<u>7,773,276</u>	<u>9,038,958</u>	<u>3,866,784</u>	<u>4,087,554</u>	<u>11,640,060</u>	<u>13,126,512</u>
Net assets:						
Invested in capital assets, net of related debt	6,271,159	6,284,588	8,025,275	8,075,489	14,296,434	14,360,077
Restricted	216,369	205,414	492,873	469,738	709,242	675,152
Unrestricted	<u>(2,356,935)</u>	<u>(2,972,327)</u>	<u>942,632</u>	<u>581,976</u>	<u>(1,414,303)</u>	<u>(2,390,351)</u>
Total net assets	<u>\$ 4,130,593</u>	<u>\$ 3,517,675</u>	<u>\$ 9,460,780</u>	<u>\$ 9,127,203</u>	<u>\$ 13,591,373</u>	<u>\$ 12,644,878</u>

Net assets may serve over time as a useful indicator of a government's financial position. As shown in Figure 1, the City's combined net assets increased to \$13,591,373 from \$12,644,878 as a result of the increase in net assets reflected in Figure 2.

For the year ended September 30, 2009, net assets of the City changed as follows:

Figure 2**City of Richmond's Change in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for services	\$ 309,341	\$ 303,128	\$ 2,905,364	\$ 2,864,626	\$ 3,214,705	\$ 3,167,754
Operating grants and contributions	102,709	152,501	-	-	102,709	152,501
Capital grants	346,086	714,129	-	-	346,086	714,129
General Revenues:						
Property Taxes	694,135	712,619	-	-	694,135	712,619
Sales and Use Taxes	1,839,287	1,764,159	-	-	1,839,287	1,764,159
Franchise and other taxes	896,318	976,424	3,850	25,183	900,168	1,001,607
Tickets and fines	142,437	143,998	-	-	142,437	143,998
Interest	12,085	55,676	65,366	72,769	77,451	128,445
Loss on disposal of assets	-	(2,573)	-	(1,716)	-	(4,289)
Other	-	-	-	-	-	-
Total Revenues	<u>4,342,398</u>	<u>4,820,061</u>	<u>2,974,580</u>	<u>2,960,862</u>	<u>7,316,978</u>	<u>7,780,923</u>
Expenses						
Administration	539,486	314,463	-	-	539,486	314,463
Public safety	1,640,257	1,642,811	-	-	1,640,257	1,642,811
Public works	600,762	329,304	-	-	600,762	329,304
Community development	127,945	133,461	-	-	127,945	133,461
Cemetery, parks, & recreation	486,013	495,779	-	-	486,013	495,779
Interest long-term debt	335,017	292,517	-	-	335,017	292,517
Water	-	-	1,106,303	1,144,066	1,106,303	1,144,066
Wastewater	-	-	1,273,597	1,080,935	1,273,597	1,080,935
Solid Waste	-	-	261,103	203,059	261,103	203,059
Total Expenses	<u>3,729,480</u>	<u>3,208,335</u>	<u>2,641,003</u>	<u>2,428,060</u>	<u>6,370,483</u>	<u>5,636,395</u>
Change in net assets	612,918	1,611,726	333,577	532,802	946,495	2,144,528
Beginning net assets	<u>3,517,675</u>	<u>1,905,949</u>	<u>9,127,203</u>	<u>8,594,401</u>	<u>12,644,878</u>	<u>10,500,350</u>
Ending net assets	<u>\$ 4,130,593</u>	<u>\$ 3,517,675</u>	<u>\$ 9,460,780</u>	<u>\$ 9,127,203</u>	<u>\$ 13,591,373</u>	<u>\$ 12,644,878</u>

For the fiscal year ended September 30, 2009, government-wide revenues totaled \$7,316,978. Approximately 45% of all revenues are from charges for services, and 25% is from sales tax. See Figures 3 and 4.

Figure 3

City of Richmond - Revenues by Fund

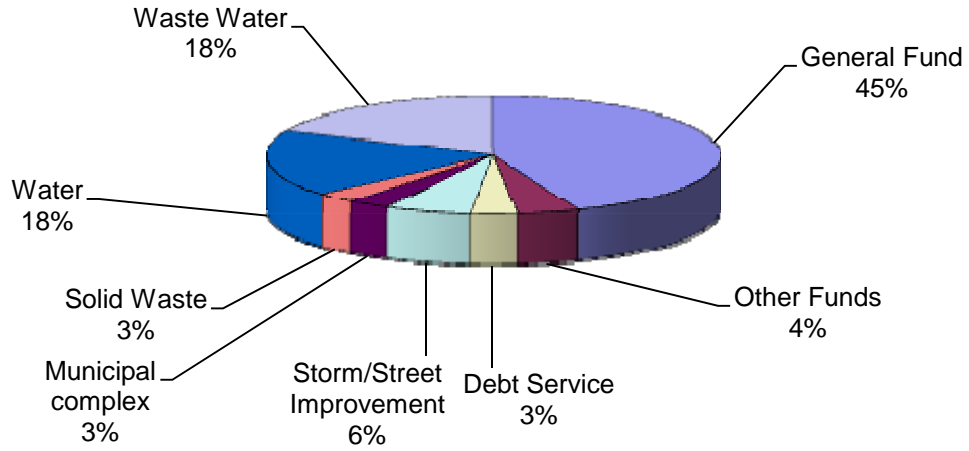
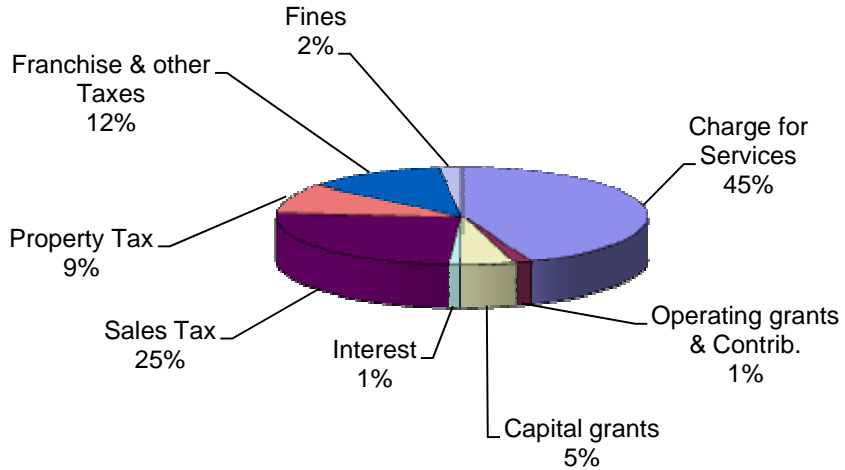


Figure 4

City of Richmond - Sources of Revenue

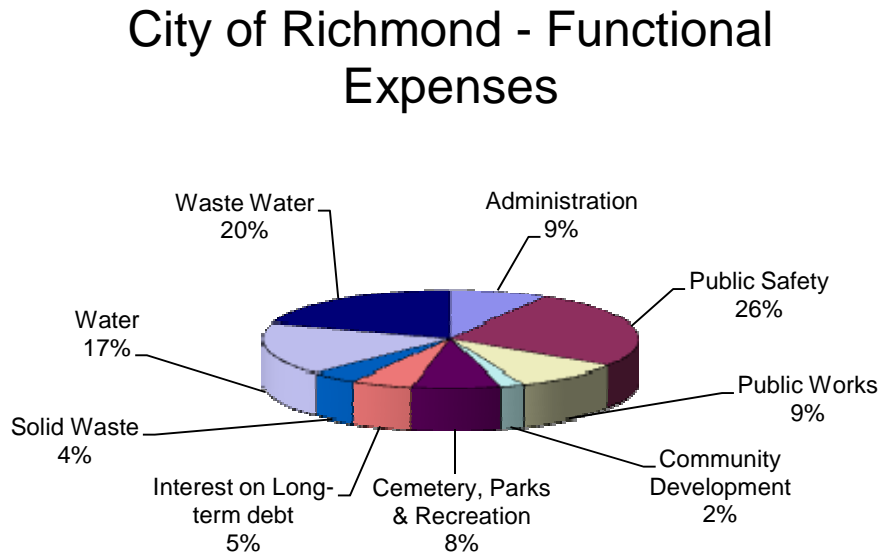


Charges for services are derived from users of the City's programs such as governmental programs and from fees from the users of the City's solid waste, water and wastewater operations.

The next largest revenue source for the entire City is sales tax. During the 2009 fiscal year sales tax revenues were \$1,839,287. The City of Richmond has a 1% sales tax to fund general governmental activities, a .5% sales tax for storm water and street improvements, a .25% sales tax to finance the new municipal complex, and a .25% sales tax for parks. Sales tax activity has remained constant from last fiscal year.

The City's expenses cover a range of services. As shown in Figure 5, approximately 41% of all city expenses during the 2009 fiscal year were related to the three business-type activities, solid waste, water, and wastewater. The second largest expenditure in 2008 was public safety at 26%. Public safety is comprised of the police department, the fire department and dispatch.

Figure 5



Governmental Activities

Governmental activities increased the City's net assets by \$612,918. For the fiscal year ended September 30, 2009, revenues totaled \$7,316,978 (governmental and business-type). Revenues from governmental activities were \$4,342,398 or 59% of the total city revenue.

Certain revenues are generated that are specific to governmental program activities. These totaled \$758,136. Figure 6 shows expenses and program revenues of the governmental activities for the years ended September 30, 2009 and 2008:

Figure 6

Net Cost of City of Richmond's Governmental Activities

	2009			2008		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
Administration	\$ 539,486	\$ 390,024	\$ 149,462	\$ 314,463	\$ 786,150	\$ (471,687)
Public Safety	1,640,257	124,898	1,515,359	1,642,811	132,133	1,510,678
Public Works	600,762	-	600,762	329,304	-	329,304
Community Development	127,945	25,952	101,993	133,461	42,243	91,218
Cemetery, Parks & Recreation	486,013	217,262	268,751	495,779	209,232	286,547
Interest on long-term debt	335,017	-	335,017	292,517	-	292,517
Total	<u>\$ 3,729,480</u>	<u>\$ 758,136</u>	<u>\$ 2,971,344</u>	<u>\$ 3,208,335</u>	<u>\$ 1,169,758</u>	<u>\$ 2,038,577</u>

As noted in Figure 6, expenses from governmental activities totaled \$3,729,480. However, the net costs of these services were \$2,971,344. The difference represents direct revenues from charges for services of \$309,341, and grants and contributions of \$448,795. Taxes and other revenues were collected to cover these net costs.

Business-Type Activities

Business-type activities increased the City's net assets by \$333,577. Key elements of the change in net assets are as follows:

- Solid waste operating revenue increased \$13,508 from the prior year, while operating expenses increased \$58,044. Last year the solid waste fund net assets decreased \$4,994. This year the solid waste fund net assets decreased \$50,071. The increase in the Solid Waste operating expenses was due primarily to a change in the allocation formula of the administration overhead. The new formula now charges Solid Waste for 1/3 of the cost of sending out and collecting utility bills. The Solid Waste rate was increased at the end of the 2009 fiscal year to avoid continued losses.
- Water operating revenue decreased \$48,651 from the prior year, while operating expenses decreased \$27,659. Last year the water fund net assets increased \$305,311. This year the water fund net assets increased \$279,619.
- Wastewater operating revenue increased \$75,881 from the prior year, while operating expenses increased \$201,141. Last year the wastewater fund net assets increased \$232,485. This year the wastewater fund net assets increased \$104,029. Waste water rates were raised in April 09. The increase in Wastewater expense was due to substantial sewer line and manhole rehabilitation as required by an agreement with the Department of Natural Resources.

Financial Analysis of the City's Funds

The City of Richmond's governmental funds reported combined ending fund balances of \$455,350, an increase of \$74,236 over the prior year. This increase to the fund balance is a result of holding expenses to a minimum during the 2009 fiscal year. The municipal complex fund decreased \$189,621 as the new city hall, police department and fire station projects were completed during fiscal year 2009. The fund balance of the General Fund by itself increased \$197,166 in fiscal year 2009. Last year the General Fund increased \$71,963.

Budgetary Highlights

Difference between the original and the final approved budget can be summarized as follows:

- Total original revenue budget for the General Fund of \$2,809,595 increased to \$3,242,462. The increase was due to the following items:
 - \$398,000 Downtown Revitalization Grant Revenue
 - \$4,267 Police Department Grants from Coalition, MoDOT, and EUDL
 - \$25,100 Fire Department Grant
 - \$2,000 Additional Concession Revenue for Recreation
 - \$3,500 Additional Cemetery Revenue

- Total original expense budget for the General Fund of \$2,781,932 increased to \$3,172,160. The majority of the increase was due to the following items:
 - \$355,000 Downtown Revitalization expenses
 - (\$18,500) Decrease in Administration Utilities
 - \$10,000 Increase in Legal Fees
 - \$6,000 Increase in Police Utilities
 - (\$16,200) Took new police vehicle out of budget
 - (\$30,880) Took out upgrade to PSAP Equipment
 - \$11,530 Increase in dispatch labor and benefits due to using full time instead of part time labor which did not work
 - \$12,395 Additional Capital purchase for Fire Department paid for by grant
 - \$14,600 Additional payroll and benefits for Fire Department due to more overtime than budgeted
 - \$18,200 Increase in Fire Department Utilities
 - \$13,500 Increase in Recreation Utilities
 - \$14,930 Increase in Cemetery labor due to more grave openings

The actual amounts for the General Fund on the budgetary basis was \$3,576,132 in revenue verses \$3,361,334 in expenses. The net change to the General Fund balance at the end of the year is \$199,852.

Capital Assets and Debt Administration

The fiscal year 2009 capital asset activity for governmental activities included the following expenditures:

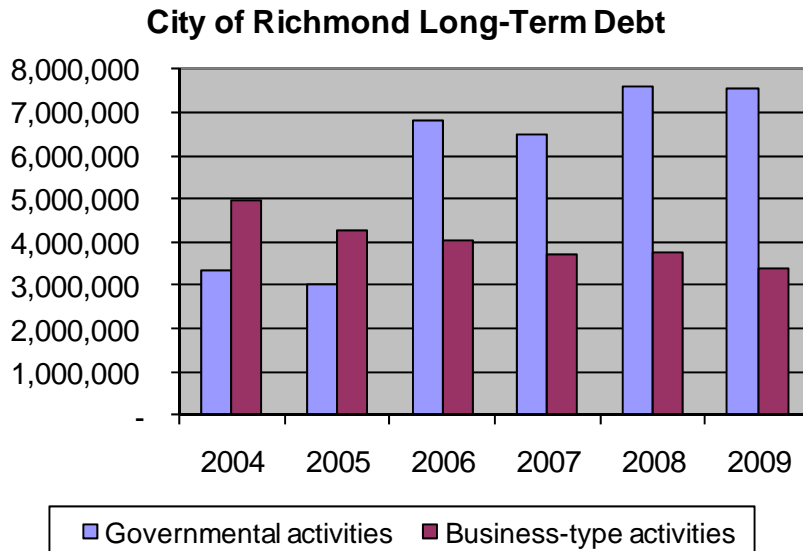
- Completing the Municipal Complex and Fire Station
- Creating the Bark Park Area at the West Park
- Improving the Horse Shoe Pit at the West Park
- Completing the fencing and lights at the ball fields
- Completing the Downtown Revitalization Project
- Completing the Wellington Street Improvements
- Purchased a 2003 Chevrolet 3500 Truck for the Cemetery
- Purchased a 304CCR Mini Cat Excavator to be shared with Water & Wastewater
- Purchased a new Jugs Softball machine for recreation
- Traded in the riding lawn mower at the cemetery for a new Grasshopper Mower
- Purchased a 16 channel recorder for the Police Department
- Purchased 4 new computers

The year's major capital asset activity for business-type activities included the following expenditures:

- Purchased a 304CCR Mini Cat Excavator to be shared with the Street Department
- Purchased a new mower deck and blade for the Water Plant
- Purchased 1 new computer

In fiscal year 2009, long-term debt outstanding and other liabilities decreased by \$393,613. Long-term debt for the governmental activities decreased \$39,885. Long-term debt for the business-type activities decreased \$353,728.

Figure 7



Factors expected to have Significant Future Effect on Financial Position and Results of Operation

The South Wastewater Treatment Plant has significant deterioration. The City has applied for a USDA Grant of \$2,900,000 and is asking the citizens to approve a \$5,100,000 bond to pay for the needed improvements.

Waterline replacement continues to be a critical need.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact any of the following persons at 205 Summit Street, Richmond, MO 64085 or (816) 776-5304.

Lance Green, Mayor
Rick Childers, City Administrator
Melanie Allwood, Finance Director

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 111,243	\$ 886,583	\$ 997,826
Certificates of deposit	95,300	-	95,300
Receivables, net:			
Taxes	345,932	-	345,932
Accounts	-	407,804	407,804
Grants	10,568	-	10,568
Accrued interest	-	13,726	13,726
Prepaid expenses	23,726	11,161	34,887
Total current assets	586,769	1,319,274	1,906,043
Noncurrent assets:			
Restricted cash and cash equivalents	-	492,873	492,873
Bond issue costs, net	59,797	92,211	152,008
Inventory	67,458	-	67,458
Internal balances	(15,482)	15,482	-
Capital assets, net	11,205,327	11,407,724	22,613,051
Total noncurrent assets	11,317,100	12,008,290	23,325,390
 Total Assets	 11,903,869	 13,327,564	 25,231,433
LIABILITIES			
Current liabilities:			
Accounts payable	30,703	197,380	228,083
Accrued payroll and benefits	100,497	73,086	173,583
Insurance proceeds payable	12,500	-	12,500
Accrued interest	9,807	41,706	51,513
Customer deposits	601	172,163	172,764
Total current liabilities	154,108	484,335	638,443
Noncurrent liabilities:			
Due in one year	366,955	383,538	750,493
Due in more than one year	7,252,213	2,998,911	10,251,124
Total noncurrent liabilities	7,619,168	3,382,449	11,001,617
 Total Liabilities	 7,773,276	 3,866,784	 11,640,060
NET ASSETS			
Net assets:			
Invested in capital assets, net of related debt	6,271,159	8,025,275	14,296,434
Restricted for:			
Perpetual care	99,986	-	99,986
Debt service	116,383	492,873	609,256
Unrestricted	(2,356,935)	942,632	(1,414,303)
 Total Net Assets	 \$ 4,130,593	 \$ 9,460,780	 \$ 13,591,373

See accompanying notes to the basic financial statements.

**CITY OF RICHMOND, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
Administration	\$ 539,486	\$ 31,717	\$ 12,221	\$ 346,086	\$ (149,462)	\$ -	\$ (149,462)
Public safety	1,640,257	35,356	89,542	-	(1,515,359)	-	(1,515,359)
Public works	600,762	-	-	-	(600,762)	-	(600,762)
Community development	127,945	25,952	-	-	(101,993)	-	(101,993)
Cemetery, parks and recreation	486,013	216,316	946	-	(268,751)	-	(268,751)
Interest on long-term debt	335,017	-	-	-	(335,017)	-	(335,017)
Total governmental activities	3,729,480	309,341	102,709	346,086	(2,971,344)	-	(2,971,344)
Business-type activities:							
Water	1,106,303	1,341,312	-	-	-	235,009	235,009
Wastewater	1,273,597	1,353,091	-	-	-	79,494	79,494
Solid waste	261,103	210,961	-	-	-	(50,142)	(50,142)
Total business-type activities	2,641,003	2,905,364	-	-	-	264,361	264,361
Total primary government	\$ 6,370,483	\$ 3,214,705	\$ 102,709	\$ 346,086	(2,971,344)	264,361	(2,706,983)
General revenues:							
Property tax					694,135	-	694,135
Sales tax					1,839,287	-	1,839,287
Other local taxes					291,872	3,850	295,722
Franchise taxes					604,446	-	604,446
Fines, tickets and fees					142,437	-	142,437
Interest revenue					12,085	65,366	77,451
Total general revenues					3,584,262	69,216	3,653,478
Change in net assets					612,918	333,577	946,495
Net assets, beginning of year					3,517,675	9,127,203	12,644,878
Net assets, end of year					\$ 4,130,593	\$ 9,460,780	\$ 13,591,373

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

		<u>GENERAL</u>	<u>1/2 CENT SALES TAX</u>	<u>DEBT SERVICE</u>	<u>MUNICIPAL COMPLEX</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTALS GOVERNMENTAL FUNDS</u>
ASSETS							
Cash and cash equivalents (deficit)	\$	14,455	\$ 148,494	\$ 106,071	\$ (370,623)	\$ 212,846	\$ 111,243
Certificate of deposit		-	-	-	-	95,300	95,300
Receivables, net:							
Taxes		205,377	63,339	10,310	31,657	35,249	345,932
Grants		10,568	-	-	-	-	10,568
Inventory		67,458	-	-	-	-	67,458
Prepaid expenses		23,726	-	-	-	-	23,726
 Total Assets		<u>\$ 321,584</u>	<u>\$ 211,833</u>	<u>\$ 116,381</u>	<u>\$ (338,966)</u>	<u>\$ 343,395</u>	<u>\$ 654,227</u>
 LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	27,577	\$ 33	\$ -	\$ 1,965	\$ 1,128	\$ 30,703
Accrued liabilities		97,750	1,824	-	923	-	100,497
Insurance proceeds payable		12,500	-	-	-	-	12,500
Payable from restricted assets:							
Municipal court bonds		601	-	-	-	-	601
Deferred revenue		25,194	-	10,310	-	3,590	39,094
Due to other funds		15,482	-	-	-	-	15,482
 Total Liabilities		<u>179,104</u>	<u>1,857</u>	<u>10,310</u>	<u>2,888</u>	<u>4,718</u>	<u>198,877</u>
 Fund balances:							
Reserved for:							
Inventory and prepaids		91,184	-	-	-	-	91,184
Perpetual care		-	-	-	-	99,986	99,986
Capital outlay		-	-	-	-	-	-
Debt service		-	-	106,071	-	-	106,071
Unreserved		<u>51,296</u>	<u>209,976</u>	<u>-</u>	<u>(341,854)</u>	<u>238,691</u>	<u>158,109</u>
 Total Fund Balances		<u>142,480</u>	<u>209,976</u>	<u>106,071</u>	<u>(341,854)</u>	<u>338,677</u>	<u>455,350</u>
 Total Liabilities and Fund Balances	\$	<u>321,584</u>	<u>\$ 211,833</u>	<u>\$ 116,381</u>	<u>\$ (338,966)</u>	<u>\$ 343,395</u>	<u>\$ 654,227</u>

See accompanying notes to the financial statements.

**CITY OF RICHMOND, MISSOURI
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

Fund Balances - Total Governmental Funds \$ 455,350

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial
resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	\$ 15,127,073	
Less: accumulated depreciation	<u>(3,921,746)</u>	11,205,327

Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	39,094
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Long-term liabilities are not due and payable in the current period,
and therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	(2,685,000)	
Notes payable	(87,923)	
Lease purchases	<u>(4,770,127)</u>	(7,543,050)

Liabilities for compensated absences are recognized only when paid in the governmental fund statements but are accrued in the government-wide statements.	(76,118)
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Other assets and liabilities not reported at the fund statement level:

Bond issue costs		59,797
Accrued interest		<u>(9,807)</u>

Net Assets of Governmental Activities \$ 4,130,593

CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>GENERAL</u>	<u>1/2 CENT SALES TAX</u>	<u>DEBT SERVICE</u>	<u>MUNICIPAL COMPLEX</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:						
Sales tax	\$ 950,920	\$ 447,438	\$ -	\$ 223,333	\$ 217,596	\$ 1,839,287
Property tax	360,315	-	249,045	-	86,209	695,569
Franchise tax	605,513	-	-	-	-	605,513
Intergovernmental	28,389	-	-	-	-	28,389
Licenses and permits	46,345	-	-	-	-	46,345
Other local taxes	291,872	-	-	-	-	291,872
Fines, tickets and fees	135,057	-	-	-	7,380	142,437
Charges for services	228,661	-	-	-	3,462	232,123
Grants	557,984	-	-	-	-	557,984
Interest revenue	7,870	259	219	323	3,414	12,085
Miscellaneous	34,327	-	-	-	5,789	40,116
Total Revenues	<u>3,247,253</u>	<u>447,697</u>	<u>249,264</u>	<u>223,656</u>	<u>323,850</u>	<u>4,491,720</u>
EXPENDITURES:						
Administration	365,165	-	-	24,662	-	389,827
Public safety	1,516,659	-	-	-	9,352	1,526,011
Public works	245,387	288,054	-	-	-	533,441
Community development	123,825	-	-	-	-	123,825
Cemetery, parks and recreation	328,564	-	-	-	95,175	423,739
Capital outlay	386,235	290,366	-	141,397	224,638	1,042,636
Debt service:						
Principal	64,109	-	110,000	79,106	34,189	287,404
Interest and fees	5,197	-	119,785	198,625	7,561	331,168
Total Expenditures	<u>3,035,141</u>	<u>578,420</u>	<u>229,785</u>	<u>443,790</u>	<u>370,915</u>	<u>4,658,051</u>
Excess (deficiency) of revenues over expenditures	<u>212,112</u>	<u>(130,723)</u>	<u>19,479</u>	<u>(220,134)</u>	<u>(47,065)</u>	<u>(166,331)</u>
Other financing sources (uses):						
Debt proceeds	15,567	-	-	-	225,000	240,567
Transfer in	-	-	-	30,513	-	30,513
Transfer out	(30,513)	-	-	-	-	(30,513)
Total other financing sources (uses)	<u>(14,946)</u>	<u>-</u>	<u>-</u>	<u>30,513</u>	<u>225,000</u>	<u>240,567</u>
Net change in fund balances	197,166	(130,723)	19,479	(189,621)	177,935	74,236
Fund balance, beginning of year	<u>(54,686)</u>	<u>340,699</u>	<u>86,592</u>	<u>(152,233)</u>	<u>160,742</u>	<u>381,114</u>
Fund balance, end of year	<u>\$ 142,480</u>	<u>\$ 209,976</u>	<u>\$ 106,071</u>	<u>\$ (341,854)</u>	<u>\$ 338,677</u>	<u>\$ 455,350</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 74,236

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases	1,051,914	
Depreciation expense	(402,240)	649,674

In the Statement of Activities, the loss or gain on the disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Loss on the disposal of capital assets		2,295
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.

Principal payments	287,403	
Debt proceeds	(240,567)	46,836

Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred revenue in the governmental funds.

Property taxes	(1,434)	
Franchise taxes	(1,068)	
Grants	(146,821)	(149,323)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Amortization of bond issuance costs	(4,124)	
Accrued interest	275	
Compensated absences payable	(6,951)	(10,800)

Change in Net Assets of Governmental Activities \$ 612,918

CITY OF RICHMOND, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

ASSETS	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Current assets:				
Cash and cash equivalents	\$ 268,876	\$ 625,055	\$ (7,348)	\$ 886,583
Receivables, net	187,893	187,073	32,838	407,804
Accrued interest	9,723	4,003	-	13,726
Prepaid expenses	4,985	6,176	-	11,161
Total current assets	<u>471,477</u>	<u>822,307</u>	<u>25,490</u>	<u>1,319,274</u>
Noncurrent assets:				
Restricted cash and cash equivalents	392,817	100,056	-	492,873
Bond issue costs, net	62,013	30,198	-	92,211
Due from other funds	15,482	-	-	15,482
Capital assets, net	4,627,735	6,757,481	22,508	11,407,724
Total noncurrent assets	<u>5,098,047</u>	<u>6,887,735</u>	<u>22,508</u>	<u>12,008,290</u>
Total assets	<u>\$ 5,569,524</u>	<u>\$ 7,710,042</u>	<u>\$ 47,998</u>	<u>\$ 13,327,564</u>
 LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of long-term debt	\$ 201,144	\$ 182,394	\$ -	\$ 383,538
Accounts payable	25,149	156,234	15,997	197,380
Customer deposits payable	172,163	-	-	172,163
Accrued interest	28,122	13,584	-	41,706
Accrued liabilities:				
Payroll and benefits	13,509	21,079	36	34,624
Compensated absences	19,712	18,750	-	38,462
Total current liabilities	<u>459,799</u>	<u>392,041</u>	<u>16,033</u>	<u>867,873</u>
Noncurrent liabilities:				
Notes payable	28,907	30,004	-	58,911
Bonds payable	2,220,000	720,000	-	2,940,000
Total noncurrent liabilities	<u>2,248,907</u>	<u>750,004</u>	<u>-</u>	<u>2,998,911</u>
Total liabilities	<u>2,708,706</u>	<u>1,142,045</u>	<u>16,033</u>	<u>3,866,784</u>
Net Assets:				
Invested in capital assets, net of related debt	2,177,684	5,825,083	22,508	8,025,275
Restricted for debt service	392,817	100,056	-	492,873
Unrestricted	290,317	642,858	9,457	942,632
Total net assets	<u>2,860,818</u>	<u>6,567,997</u>	<u>31,965</u>	<u>9,460,780</u>
Total liabilities and net assets	<u>\$ 5,569,524</u>	<u>\$ 7,710,042</u>	<u>\$ 47,998</u>	<u>\$ 13,327,564</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>WATER</u>	<u>WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Operating revenues:				
Charges for services	\$ 1,341,312	\$ 1,353,091	\$ 210,961	\$ 2,905,364
Operating expenses:				
Personnel services	404,190	492,476	54,021	950,687
Contractual services	188,275	392,876	187,002	768,153
Materials and supplies	167,056	52,154	11,588	230,798
Depreciation and amortization	215,647	275,090	3,630	494,367
Other operating expenses	4,363	4,958	4,862	14,183
Total operating expenses	<u>979,531</u>	<u>1,217,554</u>	<u>261,103</u>	<u>2,458,188</u>
Operating income (loss)	<u>361,781</u>	<u>135,537</u>	<u>(50,142)</u>	<u>447,176</u>
Nonoperating revenues (expenses):				
Interest income	41,744	23,551	71	65,366
Interest expense and fees	(126,772)	(56,043)	-	(182,815)
Other revenue	2,866	984	-	3,850
Total nonoperating revenues (expenses)	<u>(82,162)</u>	<u>(31,508)</u>	<u>71</u>	<u>(113,599)</u>
Income (loss)	279,619	104,029	(50,071)	333,577
Net assets, beginning of year	<u>2,581,199</u>	<u>6,463,968</u>	<u>82,036</u>	<u>9,127,203</u>
Net assets, end of year	<u>\$ 2,860,818</u>	<u>\$ 6,567,997</u>	<u>\$ 31,965</u>	<u>\$ 9,460,780</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	ENTERPRISE FUNDS			TOTALS
	WATER	WASTEWATER	SOLID WASTE	
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,354,142	\$ 1,362,076	\$ 206,598	\$ 2,922,816
Cash payments to suppliers	(356,682)	(311,313)	(201,805)	(869,800)
Cash paid to employees	(407,355)	(485,459)	(54,164)	(946,978)
Net cash provided (used) by operating activities	<u>590,105</u>	<u>565,304</u>	<u>(49,371)</u>	<u>1,106,038</u>
Cash flows from noncapital financing activities:				
Repayment of loan to other fund	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(16,832)	(57,591)	-	(74,423)
Proceeds from long-term debt	15,667	15,667	-	31,334
Principal paid on revenue bonds	(222,250)	(107,750)	-	(330,000)
Principal paid on notes payable	(25,254)	(31,426)	-	(56,680)
Interest and fees paid on debt	(129,210)	(57,760)	-	(186,970)
Net cash used in capital and related financing activities	<u>(377,879)</u>	<u>(238,860)</u>	<u>-</u>	<u>(616,739)</u>
Cash flows from investing activities:				
Interest received on cash accounts	42,665	24,263	71	66,999
Other receipts	<u>2,866</u>	<u>984</u>	<u>-</u>	<u>3,850</u>
Net cash provided by investing activities	<u>45,531</u>	<u>25,247</u>	<u>71</u>	<u>70,849</u>
Net increase (decrease) in cash and cash equivalents	267,757	351,691	(49,300)	570,148
Cash and cash equivalents, beginning of year	<u>393,936</u>	<u>373,420</u>	<u>41,952</u>	<u>809,308</u>
Cash and cash equivalents, end of year	<u>\$ 661,693</u>	<u>\$ 725,111</u>	<u>\$ (7,348)</u>	<u>\$ 1,379,456</u>
Cash and cash equivalents	\$ 268,876	\$ 625,055	\$ (7,348)	\$ 886,583
Restricted cash and cash equivalents	<u>392,817</u>	<u>100,056</u>	<u>-</u>	<u>492,873</u>
Cash and cash equivalents, end of year	<u>\$ 661,693</u>	<u>\$ 725,111</u>	<u>\$ (7,348)</u>	<u>\$ 1,379,456</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 361,781	\$ 135,537	\$ (50,142)	\$ 447,176
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	215,647	275,090	3,630	494,367
Changes in assets and liabilities:				
(Increase) decrease in receivables	12,830	8,985	(4,363)	17,452
(Increase) decrease in prepaid expenses	3,367	4,942	-	8,309
Increase (decrease) in accounts payable	(10,626)	133,733	1,647	124,754
Increase (decrease) in compensated absences	(2,432)	4,053	(143)	1,478
Increase (decrease) in payroll and benefits	(733)	2,964	-	2,231
Increase (decrease) in customer deposits payable	<u>10,271</u>	<u>-</u>	<u>-</u>	<u>10,271</u>
Net cash provided (used) by operating activities	<u>\$ 590,105</u>	<u>\$ 565,304</u>	<u>\$ (49,371)</u>	<u>\$ 1,106,038</u>

See accompanying notes to the basic financial statements.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Richmond, Missouri (the City) was incorporated in 1821 and covers an area of seven square miles in Ray County, Missouri. The City is organized as a third class city under the Revised Statutes of Missouri and operates under a Council-Mayor/City Administrator form of government and provides such services as are authorized by its charter to advance the health, welfare, comfort, safety and convenience of its inhabitants.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

Financial Reporting Entity: The financial statements of the City include all government organizations for which the City is financially accountable. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the City's financial statements. Based on the City's evaluation of support provided during the year by other organizations, there were no organizations required to be included in the financial statements.

Basis of Presentation: The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. The statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions, such as grants and donations. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues and contributions are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Fund Financial Statements - Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

Governmental Funds - Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is on determination of financial position and changes in financial positions, rather than on net income determination. The following are the City's major governmental funds:

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fund: The General Fund is the primary operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, finance charges, and capital improvement costs that are not paid through other funds are financed through revenue received by the General Fund.

½ Cent Sales Tax Fund: This fund is used to account for the proceeds and interest earnings on the City's transportation sales tax. Included in this fund are expenditures for street improvement and storm water abatement.

Debt Service Fund: This fund is used to account for the accumulation of resources for, and the payment of, the City's general obligation bonds. The principal source of revenue is property taxes.

Municipal Complex Fund: This fund is used to account for the proceeds of the capital improvement sales tax that is legally restricted to expenditures for capital improvements.

Proprietary Funds - Proprietary funds are used to account for the City's ongoing activities, which are similar to those found in the private sector. The measurement focus is on determination of net income, financial position, and changes in financial position. The following are the City's major proprietary funds:

Water Fund: This fund accounts for the acquisition, operation, and maintenance of the City's water facilities and services.

Wastewater Fund: This fund accounts for the acquisition, operation, and maintenance of the City's wastewater facilities and services.

Solid Waste Fund: This fund accounts for the operation of solid waste collection and disposal.

Basis of Accounting:

The term "basis of accounting" refers to the method in which revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. The term "basis of accounting" also relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to actual concept under the modified cash basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within two months of year end and available to pay obligations of the current period). This includes investment earnings and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or if the reimbursement is received in advance, the revenue is deferred until the expenditures are made.

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes receivable are recorded and deferred until they become available.

Other revenue, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Financial Statements

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In reporting the financial activity of its business-type activities and enterprise funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Those include the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Policies.

Restricted Net Assets: These assets consist of cash and escrowed funds held in trust. They are restricted as to use for debt service and bond reserves as provided by bonding resolutions.

Customer Deposits: The City collects a refundable deposit from a new customer prior to initiating metered service.

Cash and Investments: The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet or statement of net assets as "Cash and cash equivalents". The City's cash and investments are primarily considered to be cash on hand, amounts in demand deposits, and certificates of deposits, which are recorded on the basic financial statements at cost, which approximates fair value. In addition, the City also maintains several trust accounts related to various reserves required for its bond issuance. These accounts are displayed on their respective balance sheet or statement of net assets as "Restricted cash and cash equivalents". For purposes of the statement of cash flows, short-term investments with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

Accounts receivable: Accounts receivable result primarily from miscellaneous services provided to citizens accounted for in the Governmental Funds, and from water, wastewater, and sanitation services accounted for in their respective Business-type Funds.

Inventory: Inventory is stated at cost and consists of real estate developed for burial space and undeveloped real estate.

Prepaid items: Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets: Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, street lights, storm sewers, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 - 50 years
Vehicles	5 - 10 years
Equipment	5 - 10 years
Information systems	5 years
Office furniture and fixtures	3 - 5 years
Treatment facility	15 - 40 years
Production and transmission system	10 - 50 years

Compensated Absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, depending upon years of employee service. Unused vacation days may be carried forward to the next period, up to a maximum of two times the employee's annual vacation hours earned. In the event of retirement or termination, an employee is paid for any vacation days that are unused.

Full-time employees are eligible to accrue sick leave at the rate of one eight-hour day per month of service, up to a maximum of 180 hours. Sick leave benefits must be used by employees during their term of employment and are not paid to employees upon termination. Therefore, no liability for accumulated sick time is displayed on the City's basic financial statements.

Vested or accumulated vacation and sick time is accounted for as follows:

Governmental Funds - The accumulated liabilities for employee vacation time is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds - The costs of vacation and sick pay are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

Deferred Revenue: Deferred revenue consists of revenues that are not expected to be received within sixty days of the year end.

Due to/from Other Funds: Temporary reallocations (i.e. loans) from one fund of the reporting entity to another are classified as due/to other funds. For the purposes of the Statement of Net Assets, all due/to from balances between governmental funds have been eliminated.

Fund Equity Classifications: In the government-wide statements, equity is shown as net assets and classified into three components:

Invested in capital assets, net of related debt - Consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond, mortgage notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted net assets - Consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Use of Estimates - The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

The City complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Custodial credit risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City’s policy is to collateralize the demand deposits with securities held by the financial institution’s agent and in the City’s name.

At September 30, 2009, the carrying amount of the City’s deposits was \$1,351,338 and the bank balance was \$1,364,783. Of the bank balance, \$250,096 was covered by federal depository insurance and \$1,114,687 was collateralized with securities held by the bank’s trust department in the City’s name. Accordingly, management has determined that none of the City’s deposits were exposed to custodial credit risk as of September 30, 2009.

Missouri state statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, U.S. Treasury notes, and certificates of deposit. Collateral is required by Missouri state statutes for demand deposits and certificates of deposit. The fair value of the collateral must equal 100% of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are governed by state statutes and include U.S. government and government agency bonds and securities, general obligation bonds of any of the fifty states, general obligation bonds of any Missouri county and certain cities and special district and revenue bonds of certain Missouri agencies.

Cash and investments are pooled and interest income earned is allocated to the various funds on the basis of average month-end cash pooled investment balances.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS (continued)

Interest rate risk - The interest rate risk for investments is the risk that changes in interest rates may adversely affect the fair value of an investment. The City does not have a formal policy regarding the management of interest rate risk on its investments.

Concentration of credit risk - Concentration of credit risk is the risk loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy places no limit on the amount the City may invest in any one issuer.

Certificates of Deposit: Certificates of Deposit with original maturities in excess of three months are reported separately and were covered by FDIC insurance.

NOTE C - RESTRICTED ASSETS

Cash and cash equivalents are restricted for the following purposes:

Proprietary Funds	
Water fund:	
Customer deposits	\$ 172,163
2002 Bond reserve	77,206
Series 2001 Water Bonds:	
Principal retirement	123,750
Interest retirement	19,262
Rebate account	436
	392,817
Wastewater fund:	
1992 Bond reserve	8,415
2002 Bond reserve	3,074
Series 1992 Sewer Bonds:	
Principal account	78,750
Interest account	4,220
Debt service account	5,597
	100,056
Total Proprietary funds	\$ 492,873

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE D - UTILITIES RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2009 were as follows:

	<u>Total</u>	<u>Allowance</u>	<u>Net</u>
	<u>Receivables</u>		<u>Receivables</u>
Business-type activities:			
Major enterprise funds:			
Water	\$ 190,693	\$ 2,800	\$ 187,893
Wastewater	190,560	3,487	187,073
Solid waste	<u>33,438</u>	<u>600</u>	<u>32,838</u>
 Total	 <u>\$ 414,691</u>	 <u>\$ 6,887</u>	 <u>\$ 407,804</u>

NOTE E - TAXES RECEIVABLE

Property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date.

The assessed value of local property at October 1, 2008, on which the fiscal year ended September 30, 2009 levy was based, was \$57,479,902.

The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City's property tax levies per \$100 of the assessed valuation for the year in which the revenues were earned were as follows:

<u>Fund</u>	<u>Levy</u>
General	\$ 0.5926
Park	0.1481
Debt Service	<u>0.4253</u>
 Total	 <u>\$ 1.1660</u>

Taxes receivable represent the collectible ad valorem taxes, local sales taxes and franchise taxes. Adjustments have been made during the year to remove any uncollectible accounts. Management believes that the remaining receivables will be collected in the next fiscal year. Balances at September 30, 2009 were as follows:

	<u>General</u>	<u>1/2 Cent</u>	<u>Debt</u>	<u>Municipal</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Sales Tax</u>	<u>Service</u>	<u>Complex</u>	<u>Nonmajor</u>	
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Property tax	\$ 14,366	\$ -	\$ 10,310	\$ -	\$ 3,590	\$ 28,266
Sales tax	131,235	63,339	-	31,657	31,659	257,890
Franchise taxes	<u>59,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,776</u>
	<u>\$ 205,377</u>	<u>\$ 63,339</u>	<u>\$ 10,310</u>	<u>\$ 31,657</u>	<u>\$ 35,249</u>	<u>\$ 345,932</u>

**CITY OF RICHMOND, MISSOURI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2009 were as follows:

	Due From	Due To
General Fund	\$ -	\$ 15,482
Water Fund	15,482	-
Total	\$ 15,482	\$ 15,482

The interfund balance between the General Fund and the Water Fund is the remaining loan that was made in prior years for the purchase of the City cemetery. Management does not expect this balance to be liquidated within the next fiscal year.

NOTE G - INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance to cover these risks.

NOTE H - COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The City has received financial assistance from various federal, state and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE I - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land and land rights	\$ 345,250	\$ -	\$ -	\$ 345,250
Construction in progress	<u>8,434,804</u>	<u>978,354</u>	<u>9,230,029</u>	<u>183,129</u>
Total capital assets, not being depreciated	<u>8,780,054</u>	<u>978,354</u>	<u>9,230,029</u>	<u>528,379</u>
Depreciable capital assets:				
Buildings and improvements	1,272,830	9,244,247	-	10,517,077
Vehicles	680,091	17,750	-	697,841
Equipment	2,835,171	42,364	11,473	2,866,062
Information systems	384,770	10,701	-	395,471
Office furniture and fixtures	<u>122,243</u>	<u>-</u>	<u>-</u>	<u>122,243</u>
Total capital assets being depreciated	<u>5,295,105</u>	<u>9,315,062</u>	<u>11,473</u>	<u>14,598,694</u>
Less accumulated depreciation:				
Buildings and improvements	569,019	133,187	-	702,206
Vehicles	507,053	85,574	-	592,627
Equipment	2,166,691	118,277	2,295	2,282,673
Information systems	223,335	50,892	-	274,227
Office furniture and fixtures	<u>55,703</u>	<u>14,310</u>	<u>-</u>	<u>70,013</u>
Total accumulated depreciation	<u>3,521,801</u>	<u>402,240</u>	<u>2,295</u>	<u>3,921,746</u>
Total capital assets being depreciated, net	<u>1,773,304</u>	<u>8,912,822</u>	<u>9,178</u>	<u>10,676,948</u>
Governmental activities capital assets, net	<u>\$ 10,553,358</u>	<u>\$ 9,891,176</u>	<u>\$ 9,239,207</u>	<u>\$ 11,205,327</u>

Depreciation expense was charged to functions as follows:

Administration	\$ 142,705
Public safety	114,245
Public works	66,989
Community development	4,120
Cemetery, parks and recreation	<u>74,181</u>
	<u>\$ 402,240</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE I - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Business-type activities:				
Nondepreciable assets:				
Land and land rights	\$ 105,266	\$ -	\$ -	\$ 105,266
Construction in progress	-	38,387	-	38,387
Total capital assets, not being depreciated	<u>105,266</u>	<u>38,387</u>	<u>-</u>	<u>143,653</u>
Capital assets, being depreciated:				
Buildings and improvements	47,178	-	-	47,178
Vehicles	505,278	-	-	505,278
Equipment	286,262	34,570	-	320,832
Information systems	31,942	1,465	-	33,407
Office furniture and fixtures	14,992	-	-	14,992
Treatment facility	4,695,610	-	-	4,695,610
Production and transmission system	11,275,134	-	-	11,275,134
Total capital assets being depreciated	<u>16,856,396</u>	<u>36,035</u>	<u>-</u>	<u>16,892,431</u>
Less accumulated depreciation:				
Buildings and improvements	34,949	660	-	35,609
Vehicles	345,537	56,812	-	402,349
Equipment	185,639	23,916	-	209,555
Information systems	31,941	183	-	32,124
Office furniture and fixtures	12,831	699	-	13,530
Treatment facility	2,550,666	119,986	-	2,670,652
Production and transmission system	1,986,812	277,729	-	2,264,541
Total accumulated depreciation	<u>5,148,375</u>	<u>479,985</u>	<u>-</u>	<u>5,628,360</u>
Total capital assets being depreciated, net	<u>11,708,021</u>	<u>(443,950)</u>	<u>-</u>	<u>11,264,071</u>
Business-type activities capital assets, net	<u>\$ 11,813,287</u>	<u>\$ (405,563)</u>	<u>\$ -</u>	<u>\$ 11,407,724</u>

Depreciation expense was charged to functions as follows:

Water	\$ 208,425
Wasterwater	267,930
Solid waste	<u>3,630</u>
	<u>\$ 479,985</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE J - RETIREMENT PLAN

Plan Description

The City of Richmond participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

The City's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 8.8% (general), 11.6% (police) and 10.0% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2009, the political subdivision's annual pension cost of \$186,258 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2009 was 21 years.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2007	\$ 204,882	100%	\$ -
06/30/2008	192,776	100%	-
06/30/2009	186,258	100%	-

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE K - LONG-TERM DEBT

Changes in long-term debt during the year ended September 30, 2009 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 2,795,000	\$ -	\$ 110,000	\$ 2,685,000	\$ 115,000
Notes payable	136,465	15,567	64,109	87,923	48,197
Lease purchases	4,658,421	225,000	113,294	4,770,127	127,639
Compensated absences	<u>69,167</u>	<u>6,951</u>	<u>-</u>	<u>76,118</u>	<u>76,119</u>
Total Governmental Activities	<u>\$ 7,659,053</u>	<u>\$ 247,518</u>	<u>\$ 287,403</u>	<u>\$ 7,619,168</u>	<u>\$ 366,955</u>
Business-Type Activities:					
Waterworks & Sewerage Bonds	\$ 3,608,000	\$ -	\$ 330,000	\$ 3,278,000	\$ 338,000
Notes payable	129,798	31,332	56,681	104,449	45,538
Compensated absences	<u>36,841</u>	<u>1,621</u>	<u>-</u>	<u>38,462</u>	<u>38,462</u>
Total Business-Type Activities	<u>\$ 3,774,639</u>	<u>\$ 32,953</u>	<u>\$ 386,681</u>	<u>\$ 3,420,911</u>	<u>\$ 422,000</u>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE K - LONG-TERM DEBT (continued)

Governmental activities long-term debt consists of the following:

General obligation bonds:

Series 2004 B General Obligation Bonds due in varying annual installments through March 1, 2024, interest of 3.625% to 4.500%.	\$ <u>2,685,000</u>
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Notes payable:

Note payable to bank due in varying installments of \$640 through December 5, 2011, interest at 4.50% , secured by two trucks	\$ 9,214
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Note payable to bank due in varying monthly installments of \$492 through December 15, 2010, interest at 4.50% , secured by a truck	7,164
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Note payable to bank due in varying monthly installments of \$1,213 through October 19, 2010, interest at 4.00% , secured by a dump truck	15,406
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Note payable to bank due in varying monthly installments of \$347 through October 13, 2010, interest at 4.00% , secured by a truck	4,412
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Note payable to bank due in annual installments of \$19,397 through May 24, 2011, interest at 4.75% , secured by construction equipment	36,160
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Note payable to finance company due in annual installments of \$3,898 through November 22, 2013, interest at 8.25% , secured by equipment	<u>15,567</u>
	<u>\$ 87,923</u>

Lease purchases:

Lease purchase for municipal complex with bank, due in monthly installments of \$23,144 through July 1, 2015, interest at 4.25% .	\$ 4,579,316
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Lease purchase for park improvement with bank, due in monthly installments of \$4,175 through November 1, 2013, interest at 4.25%	<u>190,811</u>
	<u>\$ 4,770,127</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE K - LONG-TERM DEBT (continued)

Business-type activities long-term debt consists of the following:

Revenue bonds:

Series 1992 A State Environmental Improvement and Energy Resources Authority Water Pollution Control Revenue Bonds due in varying annual installments through January 2013, interest of 6.45% to 6.55%	\$ 455,000
Series 2001 A State Environmental Improvement and Energy Resources Authority Water Pollution Control Revenue Bonds due in varying annual installments through January 2021, interest of 4.00% to 5.00%	2,385,000
Series 2002 Combined Waterworks and Sewerage System Refunding Bonds, due in varying annual installments through December 2009, interest of 3.50% to 4.00%	20,000
Series 2004 A Waterworks & Sewerage Revenue Bonds, due in varying annual installments through June 2023, interest of 3.375% to 5.00%	<u>418,000</u>
	<u>\$ 3,278,000</u>

Notes payable:

Note payable to bank, due in monthly installments of \$640 through December 5, 2011, interest at 4.50%, secured by two trucks	\$ 7,180
Note payable to bank, due in monthly installments of \$544 through November 10, 2010 interest at 4.25%, secured by a truck	7,547
Note payable to bank, due in annual installments of \$29,096 through May 25, 2011, interest at 4.75%, secured by construction equipment	54,239
Note payable to bank, due in monthly installments of \$1,920 through November 1, 2009, interest at 5.00%, secured by a loader backhoe	4,150
Note payable to finance company, due in annual installments of \$7,913 through November 22, 2013, interest at 8.25%, secured by equipment	<u>31,333</u>
	<u>\$ 104,449</u>

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE K - LONG-TERM DEBT (continued)

Debt service requirements to maturity are:

Year Ending September 30,	Governmental Activities							
	G.O. Bonds		Notes Payable		Lease Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 115,000	\$ 115,601	\$ 48,197	\$ 3,969	\$ 127,639	\$ 200,193	\$ 290,836	\$ 319,763
2011	125,000	111,251	28,803	2,091	133,195	194,636	286,998	307,978
2012	130,000	106,645	4,096	833	138,994	188,837	273,090	296,315
2013	140,000	101,680	3,326	571	145,045	182,785	288,371	285,036
2014	145,000	96,246	3,501	297	108,929	177,151	257,430	273,694
2015	155,000	90,336	-	-	4,116,325	144,265	4,271,325	234,601
2016	165,000	83,833	-	-	-	-	165,000	83,833
2017	170,000	76,817	-	-	-	-	170,000	76,817
2018	185,000	69,135	-	-	-	-	185,000	69,135
2019	195,000	60,678	-	-	-	-	195,000	60,678
2020	205,000	51,575	-	-	-	-	205,000	51,575
2021	220,000	41,690	-	-	-	-	220,000	41,690
2022	230,000	30,885	-	-	-	-	230,000	30,885
2023	245,000	19,125	-	-	-	-	245,000	19,125
2024	260,000	6,500	-	-	-	-	260,000	6,500
Total	\$ 2,685,000	\$ 1,061,997	\$ 87,923	\$ 7,761	\$ 4,770,127	\$ 1,087,867	\$ 7,543,050	\$ 2,157,625

Year Ending September 30,	Business-Type Activities					
	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 338,000	\$ 153,206	\$ 45,538	\$ 5,615	\$ 383,538	\$ 158,821
2011	300,000	137,109	37,922	3,581	337,922	140,690
2012	315,000	121,690	7,076	1,681	322,076	123,371
2013	330,000	105,111	6,753	1,160	336,753	106,271
2014	210,000	91,855	7,160	603	217,160	92,458
2015	220,000	82,110	-	-	220,000	82,110
2016	225,000	71,740	-	-	225,000	71,740
2017	235,000	61,034	-	-	235,000	61,034
2018	245,000	49,601	-	-	245,000	49,601
2019	255,000	37,375	-	-	255,000	37,375
2020	260,000	24,500	-	-	260,000	24,500
2021	275,000	11,250	-	-	275,000	11,250
2022	35,000	3,500	-	-	35,000	3,500
2023	35,000	1,750	-	-	35,000	1,750
Total	\$ 3,278,000	\$ 951,831	\$ 104,449	\$ 12,640	\$ 3,382,449	\$ 964,471

CITY OF RICHMOND, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE K - LONG-TERM DEBT (continued)

Revolving Loan Fund

In accordance with the agreement between various public entities (including the City of Richmond) and the State Environmental Improvement and Energy Resources Authority (the Authority), the City issued the Series 1992A and 2001A revenue bonds. In connection with the City's issuance of these revenue bonds, the City participates in a revolving loan program established by the Department of Natural Resources (DNR). The revolving fund, which consists of 83.33% federal dollars and 16.67% state dollars, is designed to serve as a guarantee for local municipalities' sewer revenue bond financing. The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurs approved capital expenditures, DNR reimburses the City for the expenditure from the bond proceeds account and deposits an additional 50% of the expenditure amount in a Bond Reserve Fund in the City's name and is held as a guarantee against the debt. Interest earned from this reserve fund can be used by the City to fund interest payment on the revenue bonds. For the year ended September 30, 2009, interest earnings from the 1992A and 2001A reserve funds totaled \$53,943. The reserve fund is transferred back to the State as bond issues are retired. The costs of operation and maintenance of the system and debt service is payable from Wastewater and Water Fund operating revenues.

Notes payable

At September 30, 2008 the City had promissory note obligations outstanding, all of which were used to purchase vehicles and equipment for various city departments. For those notes recorded in the governmental fund, the City records the present value of the note obligation as capital outlay expenditure and as an offsetting other financing source in the year that the asset is purchased. At the government-wide level, the present value of payments due in future periods, along with the net carrying value of the related capital assets, are recorded as liabilities and assets, respectively, in the governmental activities column of the Statement of Net Assets. For those notes recorded in proprietary funds, the City records the present value of the future debt payments as a liability and the related capital item as an asset of the fund.

Lease purchases

The City has entered into a lease purchase agreement with a bank to finance the construction of a new municipal complex. On July 18, 2008 the lease purchase agreement was amended to provide an additional \$1 million to complete the construction.

During the year, the City entered into another lease purchase agreement with a bank to finance the capital improvements of the city parks. The proceeds from the lease are being held in a money market account and have been disbursed as improvements are being made.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Buildings and equipment	\$ 3,611,326
Less: Accumulated depreciation	<u>(52,665)</u>
Total	<u><u>\$ 3,558,661</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales tax	\$ 1,005,000	\$ 1,005,000	\$ 950,920	\$ (54,080)
Property tax	357,000	357,000	365,913	8,913
Franchise tax	559,000	559,000	605,513	46,513
Intergovernmental	45,000	45,000	28,389	(16,611)
Licenses and permits	47,200	47,200	46,345	(855)
Other local taxes	303,000	303,000	291,872	(11,128)
Fines, tickets and fees	187,175	186,875	135,057	(51,818)
Charges for services	234,250	240,050	228,661	(11,389)
Grants	-	468,767	876,799	408,032
Interest revenue	5,000	5,000	7,870	2,870
Miscellaneous	66,970	25,570	38,793	13,223
Total Revenues	<u>2,809,595</u>	<u>3,242,462</u>	<u>3,576,132</u>	<u>333,670</u>
EXPENDITURES:				
Administration	332,306	323,660	424,938	(101,278)
Public safety	1,577,193	1,617,862	1,516,659	101,203
Public works	246,875	247,845	245,387	2,458
Community development	136,470	133,125	123,825	9,300
Cemetery, parks and recreation	328,090	366,305	328,564	37,741
Capital outlay	73,975	412,510	652,655	(240,145)
Debt service:				
Principal	76,553	63,153	64,109	(956)
Interest and fees	10,470	7,700	5,197	2,503
Total Expenditures	<u>2,781,932</u>	<u>3,172,160</u>	<u>3,361,334</u>	<u>(189,174)</u>
Other financing sources (uses):				
Debt proceeds	-	-	15,567	15,567
Transfer out	-	-	(30,513)	(30,513)
Total other financings sources (uses)	<u>-</u>	<u>-</u>	<u>(14,946)</u>	<u>(14,946)</u>
Net change in fund balance	<u>\$ 27,663</u>	<u>\$ 70,302</u>	199,852	<u>\$ 129,550</u>
Fund balance, beginning of year - budgetary basis			<u>(122,795)</u>	
Fund balance, end of year - budgetary basis			77,057	
GAAP adjustments:				
Receivables:				
Taxes			180,183	
Grants			10,567	
Accounts payable			(27,577)	
Accrued payroll and benefits			<u>(97,750)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 142,480</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - 1/2 CENT SALES TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Sales tax	\$ 444,000	\$ 444,000	\$ 449,869	\$ 5,869
Grant revenue	200,000	200,000	-	(200,000)
Interest revenue	<u>13,000</u>	<u>13,000</u>	<u>259</u>	<u>(12,741)</u>
 Total Revenues	 <u>657,000</u>	 <u>657,000</u>	 <u>450,128</u>	 <u>(206,872)</u>
 EXPENDITURES:				
Public works	-	-	691,662	(691,662)
Capital outlay	<u>640,000</u>	<u>663,010</u>	<u>290,366</u>	<u>372,644</u>
 Total Expenditures	 <u>640,000</u>	 <u>663,010</u>	 <u>982,028</u>	 <u>(319,018)</u>
Excess (deficiency) of revenues over expenditures	 <u>\$ 17,000</u>	 <u>\$ (6,010)</u>	 (531,900)	 <u>\$ (525,890)</u>
Fund balance, beginning of year - budgetary basis			<u>680,394</u>	
Fund balance, end of year - budgetary basis			148,494	
 GAAP adjustments:				
Receivables:				
Taxes			63,339	
Accounts payable			(33)	
Accrued payroll and benefits			<u>(1,824)</u>	
Fund balances, end of year - GAAP basis			<u>\$ 209,976</u>	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - MUNICIPAL COMPLEX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales tax	\$ 215,000	\$ 215,000	\$ 224,534	\$ 9,534
Interest revenue	-	-	323	323
	215,000	215,000	224,857	9,857
Total Revenues				
EXPENDITURES:				
Administration	-	-	24,662	(24,662)
Capital outlay	5,000	163,870	620,674	(456,804)
Debt service:				
Principal	78,700	78,700	79,106	(406)
Interest and fees	200,000	200,000	198,625	1,375
	283,700	442,570	923,067	(480,497)
Total Expenditures				
Excess (deficiency) of revenues over expenditures	(68,700)	(227,570)	(698,210)	(470,640)
Other financing sources:				
Transfer in	-	-	30,513	30,513
Net change in fund balance	\$ (68,700)	\$ (227,570)	(667,697)	\$ (440,127)
Fund balance, beginning of year - budgetary basis			297,074	
Fund balance, end of year - budgetary basis			(370,623)	
GAAP adjustments:				
Receivables:				
Taxes			31,657	
Accounts payable			(1,965)	
Accrued payroll and benefits			(923)	
Fund balances, end of year - GAAP basis			\$ (341,854)	

See accompanying notes to the required supplementary information.

CITY OF RICHMOND, MISSOURI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2009

Budgetary Process

The City follows the following procedures in establishing the budgetary data reflected in the basic financial statements:

1. As declared by ordinance, the City Administrator is the budget officer and prepares the proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1st, the budget is legally enacted through the passage of an ordinance.
4. The legal level of control for the budget is at the fund level, and City management can not amend the budget without approval of the City Council. However, the City Administrator has the authority to transfer budgeted amounts between departments within any fund. The City Council must approve any revisions that alters the total budgeted expenditures of any fund. Unexpended appropriations lapse at year end.

Budgets are prepared on the cash basis of accounting (budgetary basis), in which revenues are recognized when collected and expenditures are recognized when paid. The reported budgetary data represent both the original and final approved budgets as adopted by the City Council.

Budget Compliance

For the year ended September 30, 2009, the General Fund actual expenditures of \$3,361,334 exceeded the budgeted expenditures of \$3,172,160 by \$189,174. We also noted that the ½ Cent Sales Tax Fund expenditures of \$982,028 exceeded the budgeted expenditures of \$663,010 by \$319,018 and the Municipal Complex Fund expenditures of \$923,037 exceeded the budgeted expenditures of \$442,570 by \$480,497.

For the year ended September 30, 2009, the Municipal Complex Fund had an original budget deficit of \$68,700 and a final budget deficit of \$227,570. We also noted that the ½ Cent Sales Tax Fund had a final budget deficit of \$6,010.

**CITY OF RICHMOND, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
YEAR ENDED SEPTEMBER 30, 2009**

Schedule of Funding Progress						
	(a)	(b)	(b-a)		(c)	[(b-a)/c]
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
2/28/2007	\$ 1,574,411	\$ 1,964,158	\$ 389,747	80%	\$ 2,015,095	19%
2/29/2008	1,830,873	2,106,985	276,112	87%	1,958,075	14%
2/28/2009	1,672,388	2,250,553	578,165	74%	1,918,845	30%

NOTE: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, MISSOURI
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	SPECIAL REVENUE FUNDS		PERMANENT FUND	TOTAL OTHER
	PARK	POLICE TRAINING	CEMETERY TRUST	GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 174,505	\$ 33,655	\$ 4,686	\$ 212,846
Certificates of deposit	-	-	95,300	95,300
Receivables, net:				
Taxes	35,249	-	-	35,249
 Total Assets	 \$ 209,754	 \$ 33,655	 \$ 99,986	 \$ 343,395
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 898	\$ 230	\$ -	\$ 1,128
Deferred revenue	3,590	-	-	3,590
 Total Liabilities	 4,488	 230	 -	 4,718
Fund balances:				
Reserved for:				
Perpetual care	-	-	99,986	99,986
Unreserved	205,266	33,425	-	238,691
 Total Fund Balances	 205,266	 33,425	 99,986	 338,677
 Total Liabilities and Fund Balances	 \$ 209,754	 \$ 33,655	 \$ 99,986	 \$ 343,395

CITY OF RICHMOND, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>SPECIAL REVENUE FUNDS</u>		<u>PERMANENT FUND</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
	<u>PARK</u>	<u>POLICE TRAINING</u>	<u>CEMETERY FUND</u>	
REVENUES:				
Property tax	\$ 86,209	\$ -	\$ -	\$ 86,209
Sales tax	217,596	-	-	217,596
Fines, tickets and fees	-	7,380	-	7,380
Charges for services	2,106	-	1,356	3,462
Interest revenue	311	52	3,051	3,414
Miscellaneous	<u>1,175</u>	<u>-</u>	<u>4,614</u>	<u>5,789</u>
 Total Revenues	 <u>307,397</u>	 <u>7,432</u>	 <u>9,021</u>	 <u>323,850</u>
 EXPENDITURES:				
Public safety	-	9,352	-	9,352
Cemetery, parks and recreation	91,299	-	3,876	95,175
Capital outlay	211,491	-	13,147	224,638
Debt service:				
Principal	34,189	-	-	34,189
Interest and fees	<u>7,561</u>	<u>-</u>	<u>-</u>	<u>7,561</u>
 Total Expenditures	 <u>344,540</u>	 <u>9,352</u>	 <u>17,023</u>	 <u>370,915</u>
Excess (deficiency) of revenues over expenditures	<u>(37,143)</u>	<u>(1,920)</u>	<u>(8,002)</u>	<u>(47,065)</u>
Other financing sources:				
Debt proceeds	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
Net change in fund balances	187,857	(1,920)	(8,002)	177,935
Fund balance, beginning of year	<u>17,409</u>	<u>35,345</u>	<u>107,988</u>	<u>160,742</u>
Fund balance, end of year	<u>\$ 205,266</u>	<u>\$ 33,425</u>	<u>\$ 99,986</u>	<u>\$ 338,677</u>

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council
City of Richmond, Missouri

We have audited the financial statements of the City of Richmond as of and for the year ended September 30, 2009, and have issued our report thereon dated March 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

CASH RECEIPTS - During our audit, we noted a lack of segregation of duties in the cash receipt system. The Collector's office receives payments for the utility billings, property taxes, licenses and fees, records these amounts in the computer system and also deposits these monies. We recommend that the City review the cash receipt system and implement proper segregation and reconciling procedures to improve control over cash.

Auditee Response: Administration will review the cash receipts system and implement accounting procedures to separate the responsibility of receiving, reconciling and depositing the daily receipts from those who have the ability to make adjustments on accounts receivables and utility billing.

JOURNAL ENTRIES - During our audit, we noted that the journal entries are prepared and input into the computer accounting software by the Finance Director and these journal entries are not reviewed by another administrative employee. The lack of review procedures could allow misstatements in the financial statements to occur and go undetected. We recommend that the City

implement procedures to require that all journal entries prepared by the Finance Director be reviewed and approved on a monthly basis by another administrative employee.

Auditee Response: Administration will assign an administrative employee to review and approve on a monthly basis the journal entries made by the Finance Director.

SEGREGATION OF DUTIES - During our audit, we noted that the payroll clerk's duties include setting up new employees in the computer system, inputting payroll information, and processing direct deposit payroll authorizations. The assignment of these duties to the same person does not provide adequate control since the person preparing the payroll data may also execute payments to employees. We recommend that the City review their procedures for payroll and modify these as necessary to provide adequate control.

Auditee Response: Due to the size of our staff, it makes the most sense for the Human Resource Director and Payroll Clerk to be the same person. However, to provide adequate control over these duties, the Finance Director will prepare all quarterly reports and reconcile these reports to the payroll totals. In addition, current procedures require any new hire or change in a pay rate to be authorized by a department head and the City Administrator. The Finance Director will periodically verify these approvals.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the City Council in a separate letter dated March 15, 2010.

The City's response to the findings identified in our audit are described above. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, administration, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

March 15, 2010